

Message Text

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PAGE 01 THE HA 04370 291318Z
ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 ERDA-05 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 FEAЕ-00 FPC-01 H-01
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05
USIA-06 OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07
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R 291229Z AUG 77
FM AMEMBASSY THE HAGUE
TO SECSTATE WASHDC 1086
INFO AMEMBASSY ALGIERS
AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY ROME

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ALSO FOR USEEC, USOEC

E.O. 11652: N/A
TAGS: ECNP, EALR, ENRG, AG, BE, FR, GW, IT, NL, NO, SZ, EEC
SUBJ: DUTCH ENCOUNTERING DIFFICULTIES RE-NEGOTIATING GAS PRICES

REF: 76 THE HAGUE 4747; 76 STATE A-2294

1. THE NETHERLANDS IS ENCOUNTERING RESISTANCE FROM ITS WEST EUROPEAN CUSTOMERS TO ITS EFFORTS TO RENEGOTIATE THE EXPORT PRICES OF ITS NATURAL GAS. THE DEPUTY DIRECTOR OF THE GAS SUPPLY DIRECTORATE IN THE ECONOMICS MINISTRY (DRS. A. G. EGRESSY) TOLD US AUGUST 26 THAT ECONOMICS MINISTER LUBBERS RECENTLY WROTE A LETTER TO HIS GERMAN COUNTERPART, MINISTER FRIEDERICH, EXPRESSING DISAPPOINTMENT WITH THE POSITION
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PAGE 02 THE HA 04370 291318Z

TAKEN BY THE GERMAN GAS DISTRIBUTION COMPANIES AND SAYING THAT HE MIGHT HAVE TO CONSIDER USING HIS AUTHORITY UNDER A 1974 DUTCH LAW TO INTERVENE ON BEHALF OF THE DUTCH GAS DISTRIBUTOR, GASUNIE, IN THE NEGOTIATIONS.

2. EGRESSY ACKNOWLEDGED THAT THE GERMANS AND OTHER EUROPEANS WHO HAVE PURCHASED DUTCH GAS ARE NOT LIKELY

TO ACCEPT THE ARGUMENT THAT THEY ARE SUBJECT TO THE 1974 DUTCH LAW. HE ALSO ACKNOWLEDGED THAT MINISTER LUBBERS WAS UNLIKELY TO SUCCEED IN HIS EFFORTS TO HAVE THE EC ENERGY COUNCIL ADOPT A PRICING POLICY FOR ENERGY WHICH MIGHT GIVE COVER TO LUBBER'S ATTEMPT TO INTERVENE IN THE RENEGOTIATIONS OF DUTCH EXPORT CONTRACTS.

3. WE REPEATED TO EGRESSY A COMMENT TO US BY AN AMERICAN BUSINESSMAN THAT HIS COMPANY IS BUYING DUTCH GAS IN FRANCE AT PRICES 20 PERCENT LOWER THAN IN THE NETHERLANDS. EGRESSY CONCEDED THAT SUCH A PRICE DISCREPANCY WAS POSSIBLE FOR LARGE BULK CONSUMERS BECAUSE OF THE REGRESSIVE PRICE STRUCTURE FOR GAS IN OTHER EUROPEAN COUNTRIES COMPARED TO THE NETHERLANDS.

4. EGRESSY EXPRESSED GREAT CONCERN ABOUT POSSIBLE DOMESTIC POLITICAL REACTION WHEN THE PUBLIC BECAME AWARE THAT THE PRICE NEGOTIATED BY GASUNIE FOR IMPORTS OF LIQUEFIED NATURAL GAS FROM ALGERIA FAR EXCEEDS THE PRICES FOR EXPORTS OF DUTCH GAS PIPED TO WESTERN EUROPE. HE SAID THAT ANY NEW CONTRACTS THAT THE NETHERLANDS HAS TO ENTER INTO FOR IMPORT OF NORWEGIAN GAS WOULD PROBABLY ALSO BE IN MUCH HIGHER PRICES THAN CURRENT DUTCH EXPORT PRICES.

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Disposition Approved on Date:
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